

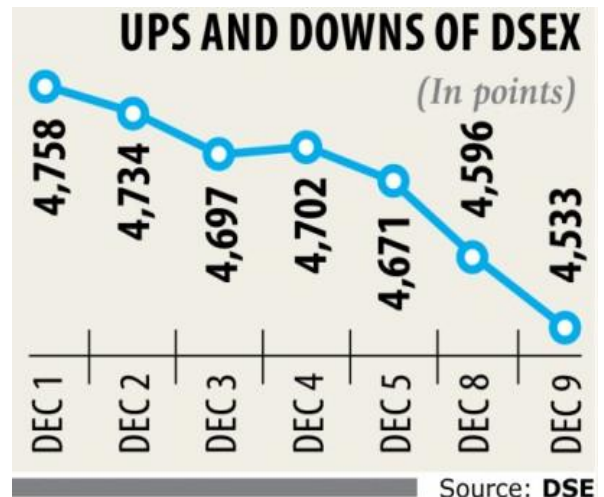
Stock Market & Company

Stocks in free fall

Foreign investors' retreat, panic sales bring key index to 39-month low

The Daily Star, December 10, 2019

- Stocks continued to bleed yesterday as foreign investors were selling off in droves amid panic sales by general investors, sending the benchmark index of the Dhaka bourse to a 39-month low.
- Institutional investors were also on the sidelines due to a fund crisis, market analysts and stakeholders said. The DSEX, the Dhaka Stock Exchange's key index, suffered losses for the third straight day yesterday, plunging by 62.25 points before closing at 4,533.75. In the last three trading sessions the index shed 169.23 points, while Tk 9,066 crore was wiped out from market capitalisation.
- "A lack of confidence is the main problem in the market and the news of economic indicators being gloomy fuelled it," said Minhaz Mannan Emon, one of the DSE directors. He said banks, merchant banks, and other institutional investors were also not playing a supportive role, for which long-term initiatives were necessary to revive investors' confidence. "We want to meet the finance minister and the governor of Bangladesh Bank to inform them about the market situation," he added. o rein in manipulation.
- According to the DSE data, the DSEX has been hovering between 4,600 and 5,400 points for the last few years. Square Pharmaceuticals, Grameenphone, British American Tobacco Bangladesh and United Power Generation snatched 28 points from the DSEX yesterday.
- Turnover, another important indicator of the DSE, also dropped 21.12 percent to Tk 275.29 crore yesterday -- a two-month low.



<https://www.thedailystar.net/business/news/stocks-free-fall-1838275>

Economy and Industry

Economy facing headwinds as key indicators in red zone

The Daily Star, December 10, 2019

- The economy is going to get into a quagmire as shortfall in revenue collection and excessive bank borrowing are set to thwart its growth target, economists fear. Continuing fall in export earnings has aggravated the already sagging economy.
- Wobbly stock market, low confidence of private sector and negative import growth that signals poor factory activities put a dent on the macro economy that suggests a bleak outlook for economic expansion.

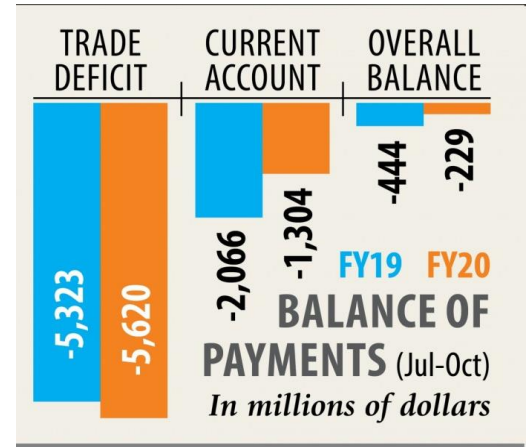
- Observers say things are going beyond the control of the government amid poor performance of the economy and soaring prices of essential food items. They foresee that the private sector will be suffering from a crowding out effect if the government does not improve its revenue collection.
 - As of November 17, the government borrowed Tk43,411 crore or 92% of its full-year target of Tk47,364 crore from the banking sector, according to Bangladesh Bank data.
 - The National Board of Revenue (NBR) faced a revenue shortfall of Tk20,220.75 crore during the first four months (July-October) of the current fiscal year, according to the latest data of the revenue board. The government has set a target to collect Tk325,500 crore in tax revenues for the entire fiscal year starting on July 1.
 - Besides, the net national saving certificate (NSC) sales slumped by 64.97% or Tk8,713.95 crore year-on-year in July-September of the current fiscal year because of the tightened sale process and the hike in tax on interest. The export earnings of the country also declined 6.82% to \$ 12.71 billion in July-October period compared with the same period of the previous year, according to Export Promotion Bureau data.
 - The Centre for Policy Dialogue (CPD) in its economic review last month said the country's economy was the weakest in the last 10 years. The country's leading think-tank also said the government's repeated recapitalization to the state-owned banks and bailing out private bank were setting bad precedence and encouraging irregularities in the sector.
 - The stock market was struggling under vested quarters' influences and listed companies were failing to give dividends, leaving the general investors to worry, it added. The DSEX, key index of Dhaka Stock Exchange (DSE), hit as low as 4,533.75 points yesterday which was the lowest in 39 months.
 - Among the major economic indicators only remittance showed positive growth as expatriate Bangladeshis sent \$7.71billion in the first five months of FY 2019-20, which is 22.67% higher than same period of last year.
- As of November 17, bank borrowing was Tk**43,411** crore or **92%** of its full-year target.
 - NBR revenue shortfall Tk**20,220.75** crore in July-October
 - Savings certificates sales slumped by **64.97%** or Tk**8,713.95** crore in July-September.
 - Export earnings declined **6.82%** in July- October.
 - ADP implementation **14.25%** until October.
 - DSEX hit **39**-month low to **4,533.75** points on Monday.
 - NPL at **11.69%** until November
 - Remittance increased **22%** in July-November to **\$7.71**billion.

<https://www.dhakatribune.com/business/2019/12/09/economy-facing-headwinds-as-key-indicators-in-red-zone>

Trade deficit widens

The Daily Star, December 10, 2019

- Trade deficit widened slightly in the first four months of the fiscal year when exports fell more than imports, a development that has exposed the sluggishness of the economy.
- Between July and October, trade deficit, a situation when imports exceed exports, stood at \$5.62 billion, up 5.58 percent year-on-year, according to data from the central bank. During the period, imports declined 3.17 percent from a year earlier to \$18.13 billion and exports dropped 6.65 percent to \$12.51 billion.
- Current account deficit, however, decreased 36.88 percent year-on-year to \$1.30 billion in the first four months of 2019-20.
- "The ongoing declining trend of imports has helped reduce the deficit in the current account. This is not a good indication for the economy at all," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.
- The major indicators of the balance of payments are not in good shape, reflecting the feeble situation of the economy, he said. A lack of prudential policies and mismanagement in the financial sector is responsible for the existing crisis, he said. The government has not taken any appropriate measure to attract foreign direct investment and diversify export destinations, said Mansur, also a former official of the International Monetary Fund.



<https://www.thedailystar.net/business/news/trade-deficit-widens-1838269>

Time to invest in Bangladesh

Says top official of Japan's largest power producer

The Daily Star, December 10, 2019

- International investors should look at Bangladesh as a lucrative investment destination as the fast-growing country offers immense growth opportunities, said Toshiro Kudama, chief executive officer of Jera Asia.
- Japan's largest energy company Jera has recently acquired 22 percent stake in Summit Power International (SPI) for \$330 million to establish major energy infrastructure, including power generation projects in Bangladesh. The SPI, a Singapore-based unit of Summit Group, is a holding company of all power assets of the Bangladeshi conglomerate.
- The largest independent power producer in the country owns and operates power generation facilities that produce approximately 1.8 gigawatts of electricity, representing about 12 percent of Bangladesh's capacity. Summit LNG Terminal Co Ltd, which has a capacity to supply 500 million cubic feet of gas per day, is a subsidiary of the SPI.
- Kudama, a director of the SPI, said Bangladesh is one of the fastest-growing economies. The gross domestic product (GDP) is clocking in at 8 percent and the population is 170 million people. He said there is stability

in Bangladesh. The transportation sector faces difficulties and it is a little bit difficult to move in a smooth manner. Other than that, in 10 years' time, the country will be like Singapore.

- Established about three years ago through a joint venture between two energy giants in Japan: TEPCO Fuel & Power Incorporated and Chubu Electric Power Company, Jera meets half of the domestic demand for the entire of Japan.

<https://www.thedailystar.net/business/news/time-invest-bangladesh-1838278>

International

Sanofi to buy biotech firm Synthorx for \$2.5b

The Daily Star, December 10, 2019

- France's Sanofi on Monday agreed to buy California-headquartered biotechnology firm Synthorx in a cash deal worth about \$2.5 billion as it steps up a push in the lucrative field of cancer drugs under its new chief executive.
- Sanofi has offered to buy all the outstanding shares of Synthorx common stock for \$68 per share in cash, or a 172 percent premium to Synthorx's closing price on Dec. 6, 2019.
- "This acquisition fits perfectly with our strategy to build a portfolio of high-quality assets and to lead with innovation, as you will hear at our Capital Markets Day tomorrow, December 10," Sanofi Chief Executive Paul Hudson said in a statement.
- Synthorx, which posted a 2018 net loss of \$56.6 million, is a clinical-stage biotech company focused on therapies for people with cancer and auto-immune disorders, according to the company's website.
- Sanofi expects to complete the acquisition in the first quarter of 2020. By 0946 GMT, Sanofi shares were down 0.7 percent at 82.94 euros.

<https://www.thedailystar.net/business/news/sanofi-buy-biotech-firm-synthorx-25b-1838257>

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